



Worksheet 2. **Gain (or Loss), Exclusion, and Taxable Gain**

Part 1 – Gain (or Loss) on Sale

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|----|--|----|-------|
| 1. | Selling price of home | 1. | _____ |
| 2. | Selling expenses | 2. | _____ |
| 3. | Subtract line 2 from line 1 | 3. | _____ |
| 4. | Adjusted basis of home sold (from <i>Worksheet 1</i> , line 13) | 4. | _____ |
| 5. | Subtract line 4 from line 3. This is the gain (or loss) on the sale. If this is a loss, stop here | 5. | _____ |

Part 2 – Exclusion and Taxable Gain

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| 6. | Enter any depreciation allowed or allowable on the property for periods after May 6, 1997. If none, enter zero | 6. | _____ |
| 7. | Subtract line 6 from line 5. (If the result is less than zero, enter zero.) | 7. | _____ |
| 8. | If you qualify to exclude gain on the sale, enter your maximum exclusion. (See <i>Maximum Exclusion</i> .) If you do not qualify to exclude gain, enter -0- | 8. | _____ |
| 9. | Enter the smaller of line 7 or line 8. This is your exclusion | 9. | _____ |
| 10. | Subtract line 9 from line 5. This is your taxable gain . Report it as described under <i>Reporting the Sale</i> . If the amount on this line is zero, do not report the sale or exclusion on your tax return. If the amount on line 6 is more than zero, complete line 11 | 10. | _____ |
| 11. | Enter the smaller of line 6 or line 10. Enter this amount on line 12 of the <i>Unrecaptured Section 1250 Gain Worksheet</i> in the instructions for Schedule D (Form 1040) | 11. | _____ |